

## ENTERPRISE HOLDINGS

### Testimony by Lawrence J. Kucharski on the Governors proposed bill SB843 Sec 17



Thank you Representative Widlitz, Senator Fonfara and members of the Finance Committee. My name is Larry Kucharski and I am Vice President/General Manager of Enterprise Holdings in Connecticut. My company operates Enterprise, Alamo and National Car Rental at 75 locations throughout the state and presently employs over 800 people. I am also on the Board of Directors for CATRALA of Connecticut which represents the interests of all Car and Truck rental companies as well as several Leasing operations.

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I come to you today in opposition to the Governors proposed bill, SB843, Sec 17 enabling municipalities to adopt an ordinance to provide tax abatement on motor vehicles that excludes car and truck rental companies from receiving that benefit.

I would like to provide you with a bit of background on our industry and the conventional wisdom of the effects of taxes on car rentals only effecting tourists. My intent is to clear up the misconception that only people living in other states rent cars. Nothing could be further from the truth. Last year our company alone conducted over 359,000.00 rental transactions with Connecticut residents. Of those, 40% or over 126,000 rented a vehicle because their personal car was being repaired due to an accident or routine service work being performed at a local dealership.

Other residents rent cars or trucks for special needs, such as moving a son or daughter back to school or a van for a family vacation. Local churches, colleges and universities such as UCONN rent vehicles for athletic needs.

A significant amount of low income households continue to use our services regularly just to get around town on weekends. They do not own a car, but look to our local branches to satisfy their needs.

I would like to point out some important facts regarding Connecticut and vehicle rental taxes:

Connecticut residents pay a \$1.00 per day tourism surcharge on all rental transactions.

Connecticut residents pay 6.35% sales tax on vehicle rental.

Connecticut residents already pay a 3% surcharge which was enacted on all car rentals in the state back in 2011. This tax was implemented to help close the budget gap that year.

In addition to these taxes, rental customers at Bradley pay \$3.50/day for a proposed Customer Facility that has yet to be built and Airport access fees of 11% on the entire amount of the rental.

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I ask the committee... Why has the Car and Truck rental industry been singled out in this budget as the only business to pay property tax bills on vehicles? I have huge concerns on what will happen to rental rates if we are the only industry to pay property taxes on vehicles. I am very concerned that the towns and municipalities we operate in will raise Mill rates on property taxes and that our costs to operate in those towns will increase dramatically. What could the Mill rate rise to in the City of Hartford where we already pay at our three locations the highest Mill rate today in the state at 63.8.?

I am hear to tell you that if are industry is not included in this elimination of property tax on vehicles, the result will be higher Mill Rates, less attractive vehicles for customers, much higher rates, and fewer car rentals. This will result in a huge loss in tax revenue for the state I described earlier. We will also be severely limited to expand our business and provide the job opportunities we have forecasted.

The issue on taxes is one of fairness. I understand full well the importance of a balanced budget and the need to make sacrifices while offering tax breaks to Connecticut citizens and companies that own vehicles. I do not understand why our industry that continues to promote tax revenue, quality services, and jobs inside our communities is singled out as the loser on this budget proposal. In the interest of good and fair taxation policy, I urge you to include the Car and Truck rental industry if you agree to eliminate, or modify the vehicle property tax.

Thank you very much for your consideration.

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